

Message Text

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ORIGIN EB-11

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FM SECSTATE WASHDC

TO AMEMBASSY ATHENS

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E.O. 11652: N/A

TAGS: EIND, ETRD

SUBJECT: US FERROUS SCRAP EXPORTS

REF: (A) ATHENS 9046; (B) ATHENS (PARA 5)

1. GREEK CHARGE NOMIKOS MET JAN 25 WITH DEPTOFFS ON FERROUS SCRAP. ACCORDING TO NOMIKOS, US IN PAST HAD SUPPLIED ABOUT 97 PERCENT OF GREECE'S SCRAP IMPORTS, AND GREECE EXPECTED TO NEED BETWEEN 700,000 AND 800,000 TONS OF IMPORTED SCRAP IN 1974. NOTING THAT FIRST QUARTER 1974 GREEK SCRAP QUOTA OF 22,800 SO FELL FAR SHORT OF ACTUAL NEEDS, NOMIKOS ALSO EXPRESSED VIEW THAT QUOTA WAS BASED ON BASE PERIOD THAT WAS NOT REPRESENTATIVE FOR GREECE, IN THAT SCRAP IMPORTS FROM US WERE NIL IN 1970, RELATIVELY LITTLE IN 1971, AND THAT APPRECIABLE IMPORT VOLUME DID NOT BEGIN UNTIL 1972. HE THEREFORE ASKED WHETHER GREEK BASE PERIOD MIGHT BE RECALCULATED TO REFLECT RECENT SHARP INCREASES IN GREEK SCRAP IMPORTS FROM US. ANNUALIZING THE 22,800 ST GREEK FIRST QUARTER QUOTA, NOMIKOS SAID ANNUAL QUOTA AT THIS QUARTERLY LEVEL WOULD MEAN GREECE GETTING ONLY ABOUT ONE MONTH'S SCRAP

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NEED . THIS, HE CONCLUDED, WOULD LEAD TO INDUSTRIAL

SHUTDOWNS AND RESULTANT POLITICAL PROBLEMS.

2. DEPTOFFS BRIEFED NOMIKOS ON US SCRAP CONTROL PROGRAM, NOTING THAT 1974 PROGRAM WAS ANNOUNCED FOR FIRST QUARTER ONLY AND THAT NO DECISION HAS BEEN MADE ON CONTINUATION OF PROGRAM BEYOND FIRST QUARTER. THEY INFORMED NOMIKOS THAT THERE NO RPT NO CHANCE OF RECALCULATING QUOTAS USING DIFFERENT BASE PERIOD IN ORDER TO PROVIDE GREECE WITH LARGER QUOTA, NOTING THAT NUMBER OF OTHER COUNTRIES FITTED INTO PATTERN SIMILAR TO GREECE, WITH HIGHER SCRAP IMPORTS FROM US TOWARD END OF BASE PERIOD. HOWEVER, BASE PERIOD CHOSEN WAS FELT TO BE MOST REPRESENTATIVE OF RECENT YEARS' SCRAP TRADE, AND ONE THAT WOULD RESULT IN LEAST DISTORTIONS IN RECENT TRADE PATTERNS.

3. DEPTOFFS FELT THAT ONLY CHANCE OF GREECE OBTAINING ANY ADDITIONAL SCRAP WAS THROUGH A POSSIBLE CONTINGENCY RESERVE ALLOCATION. HOWEVER, THEY CAUTIONED NOMIKOS AGAINST EXPECTING ANY CONTINGENCY ALLOCATION TO MEET MORE THAN A FRACTION OF GREECE'S REPORTED SCRAP NEEDS, NOTING THE EXTREMELY LIMITED TOTAL CONTINGENCY TONNAGE AVAILABLE AND THE LARGE NUMBER OF REQUESTS FOR CONTINGENCY ALLOCATIONS. MOREOVER, USG WAS NOW IN FINAL STAGES OF ALLOCATING FIRST QUARTER CONTINGENCY RESERVE, AND DEPTOFFS FELT THIS VIRTUALLY PRECLUDED GREECE FROM BEING CONSIDERED FOR POSSIBLE FIRST QUARTER CONTINGENCY ALLOCATION. THUS, CONSIDERATION OF POSSIBLE CONTINGENCY ALLOCATION FOR GREECE COULD ONLY BE UNDER SECOND QUARTER PROGRAM (ASSUMING PROGRAM CONTINUES IN PRESENT FORM BEYOND FIRST QUARTER).

4. DEPTOFFS INFORMED NOMIKOS THAT USG WOULD NEED DETAILED ECONOMIC CASE FOR CONSIDERATION OF CONTINGENCY ALLOCATION, INCLUDING FOLLOWING DATA (INDICATING WHETHER IN METRIC OR SHORT TONS): GREEK SCRAP CONSUMPTION IN 1973, AND EXPECTED 1974 CONSUMPTION; 1973 IMPORTS AND EXPECTED 1974 IMPORTS; LOCAL SCRAP GENERATION IN 1973, AND 1974 PROSPECTS HERE; GREEK STEEL PRODUCTION IN 1973 AND ESTIMATED 1974 PRODUCTION. NOMIKOS REPLIED THAT HE WOULD TRY TO OBTAIN NECESSARY DATA SOONEST.

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5. ACTION REQUESTED: EMBASSY REQUESTED CONTACT APPROPRIATE OFFICIALS RE DATA REQUESTED IN PARA 4 ABOVE. WOULD ALSO APPRECIATE EMBASSY'S COMMENTS ON ANY DATA PROVIDED BY GOG AND/OR INDUSTRY, AS WELL AS EMBASSY'S EVALUATION OF GREEK SCRAP SITUATION. WE WOULD ALSO APPRECIATE ANY INFORMATION EMBASSY ABLE TO DEVELOP CONCERNING REASONS FOR DISCREPANCY BETWEEN 500,000 TON FIGURE CITED BY GOG

MINISTER OF INDUSTRY AND ENERGY KYPREOS (REPORTED REFTEL
A) AND 700,000 TO 800,000 TON IMPORT REQUIREMENT FIGURE
USED BY NOMIKOS. KISSINGER

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Message Attributes

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Disposition Authority: morefirh
Disposition Case Number: n/a
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